

## TABLE OF CONTENTS

INTRODUCTION	1
SCOPE	1
EXECUTIVE SUMMARY	2
LOCAL OFFICE RESPONSE	2
RECOMMENDATIONS FOR IMPROVED INTERNAL CONTROLS	
CIS Status Codes	2
MA-010 Reconciliation - Openings and Reopenings	2-3
Changing the Safe Combination	3

## **INTRODUCTION**

The Office of Internal Audit performed an audit of Marquette County FIA for the period October 1, 1997 through June 30, 1998. The objectives of our audit were to determine if internal controls in place at the local office provide reasonable assurance that departmental assets are safeguarded, transactions are properly recorded on a timely basis, and policies and procedures of the Michigan Family Independence Agency (FIA) are being followed. Marquette County FIA had 51 full time equated positions (FTE's) at the time of our review. Marquette County FIA provided assistance to an average 3,770 recipients per month during FY 1997, with total assistance payments of \$5,692,327 during that year.

## **SCOPE**

Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We obtained descriptions of significant systems operating at Marquette County, documented those systems, and evaluated controls in each system. We tested the systems for compliance, where feasible. We included the following systems:

Client Processing	CIS
Cash Disbursements	Cash Receipts
General Ledger	Accounts Receivable
Safe & Controlled Documents	IRS Information Security
Medical Transportation	ENP/SER Program
Food Stamp Issuance	Modified Accrual Balance Sheet
Telephone Usage	

## **EXECUTIVE SUMMARY**

Based on our audit, we conclude that the Marquette County FIA internal controls are generally adequate to provide management with reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization. We did, however, find a few instances of weaknesses in internal controls, which are detailed below.

## **LOCAL OFFICE RESPONSE**

The management of Marquette County FIA has reviewed all findings and recommendations included in this report. They indicated in a memorandum dated November 2, 1998 that they are in general agreement with the report.

## **RECOMMENDATIONS FOR IMPROVED INTERNAL CONTROLS**

The following are areas where we have identified a control weakness at Marquette County FIA, and we are recommending a change in procedure to reduce the risk associated with the control weakness.

### **CIS Status Codes**

1. The person responsible for reconciling the Transaction Control Listing (MA-010) at Marquette County FIA had an FLM status code on the Client Information System (CIS). This status code allows this individual to make changes to client cases with no independent review of the transactions.

WE RECOMMEND that Marquette County FIA change the status of the person responsible for reconciling the MA-010 to inquiry only on CIS.

#### MA-010 Reconciliation - Openings and Reopenings

2. Marquette County FIA did not reconcile all new case openings and reopenings listed on the MA-010 Report to the Request and Registration Control Record (FIA-3614), as recommended by the Primary Internal Control Criteria for FIA Local/District Office Operations. A 100% reconciliation of openings and reopenings provides assurance that cases were opened only by their assigned workers.

WE RECOMMEND that Marquette County FIA reconcile all case openings and reopenings on the MA-010 Report to the FIA-3614's.

#### Changing the Safe Combination

3. Marquette County FIA did not change the combination to its safe after personnel who knew the combination terminated employment at the local office. Periodically changing the combination to the safe, especially when someone with knowledge of the combination terminates employment, helps to ensure that security of items stored in the safe is maintained.

WE RECOMMEND that Marquette County FIA periodically change the combination of its safe.